



[3510-16-P]

DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

37 CFR Part 1

[Docket No.: PTO-P-2011-0058]

RIN 0651-AC63

Revision of Patent Term Adjustment Provisions Relating to Appellate Review

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Final rule.

SUMMARY: The United States Patent and Trademark Office (Office) is revising the patent term adjustment provisions of the rules of practice in patent cases to better reflect the period of appellate review. The patent term adjustment provisions of the American Inventors Protection Act of 1999 (AIPA) provide for patent term adjustment if, inter alia, the issuance of the patent was delayed due to appellate review by the Board of Patent Appeals and Interferences (Board) or by a Federal court, and the patent was issued under a decision in the review reversing an adverse

determination of patentability. The Office is specifically revising the rules of practice to indicate that the period of appellate review under the patent term adjustment provisions of the AIPA begins when jurisdiction over the application passes to the Board rather than the date on which a notice of appeal to the Board is filed.

DATES: Effective date: This final rule is effective [Insert date 30 days after publication in the FEDERAL REGISTER].

Applicability date: The amendments to 37 CFR 1.703 in this final rule are applicable to any application in which a notice of allowance is issued on or after [Insert date 30 days after publication in the FEDERAL REGISTER], and any patent issuing thereon. The amendment to 37 CFR 1.704 is applicable with respect to the filing of an appeal brief in any application in which a notice of appeal under 37 CFR 41.31 is filed on or after [Insert date 30 days after publication in the FEDERAL REGISTER].

FOR FURTHER INFORMATION CONTACT: Kery A. Fries, Senior Legal Advisor, Office of Patent Legal Administration, by telephone at 571-272-7757, by mail addressed to: Box Comments—Patents, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313–1450, marked to the attention of Kery A. Fries.

SUPPLEMENTARY INFORMATION:

Executive Summary: Purpose: The Office is revising the patent term adjustment provisions of the rules of practice in patent cases to better reflect the period of appellate review.

Summary of Major Provisions: The final rule will result in patent term adjustment determinations that better reflect any delays an application experiences during the appellate review process. The final rule defines the day that an appellate review period begins for patent term adjustment purposes as the day that jurisdiction over the patent application passes to the Board. Also, the final rule provides applicants with a three-month time period for filing a compliant appeal brief before the Office will consider applicant as having failed to engage in reasonable efforts to conclude processing or examination of the application.

Costs and Benefits: This rulemaking is not significant or economically significant under Executive Order 12866 (Sept. 30, 1993), as amended by Executive Order 13258 (Feb. 26, 2002) and Executive Order 13422 (Jan. 18, 2007).

Background: The Uruguay Round Agreements Act (URAA) amended 35 U.S.C. 154 to provide that the term of a patent ends on the date that is twenty years from the filing date of the application, or the earliest filing date for which a benefit is claimed under 35 U.S.C. 120, 121, or 365(c). See Pub. L. 103-465, § 532(a)(1), 108 Stat. 4809, 4983-85 (1994). The URAA also contained provisions, codified at 35 U.S.C. 154(b), for patent term extension due to certain examination delays. Under the patent

term extension provisions of 35 U.S.C. 154(b) as amended by the URAA, an applicant is entitled to patent term extension for delays due to interference, secrecy order, or successful appellate review. See 35 U.S.C. 154(b) (1995). The Office implemented the patent term extension provisions of the URAA in a final rule published in April of 1995. See [Changes to Implement 20-Year Patent Term and Provisional Applications](#), 60 FR 20195 (Apr. 25, 1995) (twenty-year patent term final rule).

The American Inventors Protection Act of 1999 (AIPA) further amended 35 U.S.C. 154(b) to expand the list of administrative delays which may give rise to patent term adjustment (characterized as “patent term adjustment” in the AIPA). See Pub. L. 106–113, 113 Stat. 1501, 1501A–552 through 1501A–591 (1999). Specifically, under the patent term adjustment provisions of 35 U.S.C. 154(b) as amended by the AIPA, an applicant is entitled to patent term adjustment for the following reasons: (1) if the Office fails to take certain actions during the examination and issue process within specified time frames (known as the “A” provision, being in 35 U.S.C. 154(b)(1)(A)); (2) subject to certain enumerated examples, if the Office fails to issue a patent within three years of the actual filing date of the application in the United States (known as the “B” provision, being in 35 U.S.C. 154(b)(1)(B)); and (3) for delays due to interference, secrecy order, or successful appellate review (known as the “C” provision, being in 35 U.S.C. 154(b)(1)(C)). See 35 U.S.C. 154(b)(1). The Office implemented the patent term adjustment provisions of 35 U.S.C. 154(b) as amended by the AIPA in a final rule

published in September of 2000. See Changes to Implement Patent Term Adjustment Under Twenty-Year Patent Term, 65 FR 56365 (Sept. 18, 2000) (patent term adjustment final rule).

The patent term adjustment provisions of the AIPA apply to original (i.e., non-reissue) utility and plant applications filed on or after May 29, 2000. See Changes to Implement Patent Term Adjustment Under Twenty-Year Patent Term, 65 FR at 56367. The patent term extension provisions of the URAA (for delays due to secrecy order, interference or successful appellate review) continue to apply to original utility and plant applications filed on or after June 8, 1995, and before May 29, 2000. See id.

In April 2011, the Office proposed to revise the patent term extension and adjustment provisions of the URAA and AIPA to provide, with certain exceptions, that the reopening of prosecution by an examiner would be considered a “decision in the review reversing an adverse determination of patentability,” since in many such situations, the Office decision in the pre-Board review reveals some weakness in the adverse patentability determination from which the appeal was taken, making it appropriate to treat such situations as a “decision in the review reversing an adverse determination of patentability” under the patent term adjustment and extension provisions. See Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review and Information Disclosure Statements, 76 FR 18990 (Apr. 6, 2011). The Office received several comments suggesting that a better approach would be to treat the appellate review period as beginning when jurisdiction

passes to the Board, rather than on the date a notice of appeal to the Board was filed. This approach would give applicants the possibility of obtaining patent term adjustment under the “B” provision for Office delays during the pre-Board process (including when prosecution is reopened). Specifically, the Office would not subtract from the “B” period the period of time from the filing of the notice of appeal to the earlier of the filing of a reply brief or the expiration of the period to file the reply brief.

In November 2011, the Office published a final rule concerning practice before the Board in ex parte appeals, and defined that jurisdiction of an appeal passes to the Board at the earlier of the filing of the reply brief or upon the expiration of the time period for filing a reply brief. See Rules Of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals 76 FR 72270, 72273 (Nov. 2011).

In December 2011, the Office published a notice seeking public comment on a proposal to change its interpretation of the appellate review language of the “B” provision (35 U.S.C. 154(b)(1)(B)(ii)) to provide that appellate review begins on the date on which jurisdiction over the application passes to the Board under 37 CFR 41.35 (rather than the date on which a notice of appeal under 35 U.S.C. 134 was filed as in the current rule). See Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review, 76 FR 81432 (Dec. 28, 2011). The December 2011 notice of proposed rulemaking indicated that to change the interpretation of the appellate review language of the “B” provision without also changing the appellate review language of the “C” provision (35 U.S.C.

154(b)(1)(C)(iii)) would require the Office to interpret the same statutory term, “appellate review by the Board,” appearing in two closely related provisions, in two different ways, violating well-recognized canon of statutory interpretation that the same terms appearing in related statutory provisions are to be given the same meaning. See Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review, 76 FR at 81434 (citing Yi v. Fed. Bureau of Prisons, 412 F.3d 526, 531 (4th Cir. 2005)). The December 2011 notice of proposed rulemaking further indicated a later beginning of the appellate review by the Board, as was being proposed, would result in the possibility of a greater period of patent term adjustment under the “B” provision vis-à-vis the Office’s interpretation of this provision in 2000, but would result in the possibility of a lesser period of patent term adjustment under the “C” provision vis-à-vis the Office’s interpretation of this provision in 2000. See id. Accordingly, for purposes of calculating patent term adjustment based upon appellate review, the impact of the rule change would be to reduce the amount of patent term adjustment awarded for a successful appeal under 35 U.S.C. 154(b)(1)(C)(iii) by beginning the appellate review period at the time the Board assumes jurisdiction of the appeal. Any negative impact to applicant, however, may be offset by potentially increasing the amount of patent term adjustment awarded for the Office failing to issue the patent within three years of the actual filing date in the United States under 35 U.S.C. 154(b)(1)(B) (“B’ delay”). For example, the patent term adjustment awarded pursuant to the “B” delay may increase when the examiner reopens prosecution after a notice of appeal is filed (e.g., following a pre-appeal conference or an appeal conference) and the patent issues thereafter, because

the period of time between the filing of the notice of appeal and the examiner's reopening of prosecution would no longer be deducted under 35 U.S.C. 154(b)(1)(B)(ii).

The December 2011 notice of proposed rulemaking also indicated that the AIPA sets forth a number of conditions and limitations on any patent term adjustment accrued under 35 U.S.C. 154(b)(1). See Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Review, 76 FR at 81434-35. Specifically, 35 U.S.C. 154(b)(2)(C) provides, in part, that “[t]he period of adjustment of the term of a patent under [35 U.S.C. 154(b)(1)] shall be reduced by a period equal to the period of time during which the applicant failed to engage in reasonable efforts to conclude prosecution of the application” and that “[t]he Director shall prescribe regulations establishing the circumstances that constitute a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.”

35 U.S.C. 154(b)(2)(C)(i) and (iii). The rules of practice (37 CFR 41.37) require that an appeal brief be filed within two months from the date of filing of the notice of appeal under 35 U.S.C. 134 and 37 CFR 41.31, with extensions available pursuant to 37 CFR 1.136 and 1.550(c). An applicant, however, may delay or prevent the passing of jurisdiction of the application to the Board by: (1) obtaining an extension of time to file the appeal brief, (2) filing an appeal brief that does not comply with the requirements of 37 CFR 41.37, or (3) seeking further prosecution before the examiner by filing a request for continued examination under 37 CFR 1.114. Therefore, the Office is providing, under its authority in this final rule under 35 U.S.C. 154(b)(2)(C),

that the failure to file an appeal brief in compliance with 37 CFR 41.37 within three months from the date on which a notice of appeal to the Board was filed under 35 U.S.C. 134 and 37 CFR 41.31 constitutes a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application.

Discussion of Specific Rules

Title 37 of the Code of Federal Regulations, Part 1, is amended as follows:

Section 1.703: Section 1.703(b)(4), which defines the period of appellate review in 35 U.S.C. 154(b)(1)(B)(ii), is amended to define this period as the sum of the number of days, if any, in the period beginning on the date on which jurisdiction over the application passes to the Board under § 41.35(a) of this title and ending on the date that jurisdiction ends under § 41.35(b) of this title or the date of the last decision by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145, whichever is later. Section 1.703(b)(4) formerly defined this period as beginning on the date on which a notice of appeal to the Board was filed under 35 U.S.C. 134 and § 41.31.

Section 1.703(e), which defines the period of appellate review in 35 U.S.C. 154(b)(1)(C)(iii), is amended to define this period as the sum of the number of days, if any, in the period beginning on the date on which jurisdiction over the application passes to the Board under § 41.35(a) of this title and ending on the date of a final

decision in favor of the applicant by the Board or by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145. Section 1.703(e) formerly defined this period as beginning on the date on which a notice of appeal to the Board was filed under 35 U.S.C. 134 and § 41.31.

Section 1.704: Section 1.704(c) is amended to provide that the failure to file an appeal brief in compliance with § 41.37 within three months from the date on which a notice of appeal to the Board was filed under 35 U.S.C. 134 and § 41.31 constitutes a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application. Section 1.704(c) would also provide that in such a case the period of adjustment set forth in § 1.703 shall be reduced by the number of days, if any, beginning on the day after the date that is three months from the day on which a notice of appeal to the Board was filed under 35 U.S.C. 134 and § 41.31 of this title and ending on the date an appeal brief was filed in compliance with § 41.37 or a request for continued examination was filed in compliance with § 1.114. Section 1.704(c) also renumbers current § 1.704(c)(11) as new § 1.704(c)(12).

As discussed previously, the changes to § 1.703 in this final rule are applicable to any application in which a notice of allowance is issued on or after [Insert date 30 days after publication in the FEDERAL REGISTER], and any patent issuing thereon, and the change to § 1.704 is applicable with respect to the filing of an appeal brief in any application in which a notice of appeal under § 41.31 is filed on or after [Insert date 30 days after publication in the FEDERAL REGISTER].

The Office will also apply the changes to § 1.703 in this final rule in any timely patent term adjustment reconsideration proceeding that is initiated on or after [Insert date 30 days after publication in the FEDERAL REGISTER]. To allow patentees to take advantage of this final rule, and for purposes limited to this final rule, such patent term adjustment reconsideration proceedings shall be the following timely filed proceedings initiated on or after [Insert date 30 days after publication in the FEDERAL REGISTER]: (1) reconsideration proceedings initiated pursuant to a remand from a timely filed civil action in Federal court; (2) reconsideration proceedings initiated pursuant to a timely request for reconsideration of the patent term adjustment indicated in the patent under § 1.705(d) in which the patentee argues that the change to § 1.703 in this final rule is applicable to his or her patent; and (3) reconsideration proceedings initiated pursuant to a request for reconsideration that seeks reconsideration of the Office's decision under § 1.705(d) regarding patent term adjustment under the Office's former interpretation of the appellate review language of 35 U.S.C. 154(b)(1)(B)(ii) and (C)(iii), if such request is filed within two months of the date of the decision for which reconsideration is requested (§ 1.181(f)).

Section 1.705(d) provides, in part, that any request for reconsideration of the patent term adjustment indicated in the patent must be filed within two months of the date the patent issued and must comply with the requirements of §§ 1.705(b)(1) and (b)(2).

Comments and Response to Comments: As discussed previously, the Office published a notice on December 28, 2011, proposing to change the rules of practice

pertaining to patent term adjustment to: (1) indicate that the period of appellate review under the patent term provisions of the AIPA begins when jurisdiction over the application passes to the Board rather than when the notice of appeal is filed; (2) indicate that the provisions relating to the “B” delay under 35 U.S.C 154(b)(1)(B) will reduce the amount of “B” delay for the period beginning from the date of the notice of appeal until the earlier of the filing of a reply brief or the expiration of the period to file the reply brief; and (3) introduce a new type of applicant delay for the applicant’s failure to file a compliant appeal brief within two months of the filing of a notice of appeal. See Revision of Patent Term Adjustment Provisions Relating to Appellee Review, 76 FR 81432-37. The Office received comments from four commenters.

Comment 1: One comment suggested that the Office not consider it a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application under proposed § 1.704(c)(9) (§ 1.704(c)(11) as adopted) unless more than three months has passed from the filing of the notice of appeal until a compliant appeal brief is filed. The comment urges that preparing an appeal brief requires considerable effort and the standard should be the same as for responses to an Office action.

Response: As suggested in the comment, the Office is revising the provision to provide that it will be considered a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application under § 1.704(c)(11)

if the applicant takes more than three months from the date of the filing of the notice of appeal to file a compliant appeal brief. The Office finds that the three-month period would be equivalent to the statutory time provided an applicant to respond to a notice from the Office making any rejection, objection, argument, or other request before applicant is deemed to have failed to engage in reasonable efforts to conclude processing or examination of the application under 35 U.S.C. 154(b)(2)(C)(ii).

Comment 2: Two comments suggested that the Office should not retroactively apply the provisions of proposed § 1.704(c)(9) (§ 1.704(c)(11) as adopted) to any notice of appeal that is filed prior to the final enactment of the provision.

Response: As suggested in the comments, the Office will apply the provision of 1.704(c)(11) only with respect to an appeal brief in which the notice of appeal was filed on or after [Insert date 30 days after publication in the FEDERAL REGISTER].

Comment 3: One comment requested clarification of the patent term adjustment effect under proposed § 1.704(c)(9) (§ 1.704(c)(11) as adopted) if the examiner reopens prosecution before a compliant appeal brief is filed, but more than two months after a notice of appeal was filed.

Response: The Office proposed that if more than two months passed from the date a notice of appeal is filed until the date a compliant appeal brief is filed, the Office would assess an applicant delay. The Office has decided not to assess applicant delay

under 1.704(c)(11) unless three months has passed from the date a notice of appeal is filed until the date a compliant brief is filed. If the Office reopens prosecution after three months from the applicant's filing of the notice of appeal but prior to applicant's submission of a compliant appeal brief under § 41.37, the Office would not find any applicant delay under § 1.704(c)(11). Moreover, the Office would not deem the reopening of the prosecution as vacating any previous filed response that potentially increases patent term adjustment under 35 U.S.C. 154(b)(1)(A)(i) through (iv). Reopening prosecution after the notice of appeal may increase pendency of the application and under certain circumstances result in patent term adjustment under 35 U.S.C. 154(b)(1)(B).

Comment 4: One comment requested clarification of whether the two-month period under proposed § 1.704(c)(9) (three-month period of § 1.704(c)(11) as adopted) would be extendable for weekends and holidays under ArQule v. Kappos, 793 F.Supp.2d 214 (D.D.C. 2011).

Response: Deadlines for patent term adjustment will be calculated pursuant to 35 U.S.C. 21(b) since the Office is establishing a time frame for taking action. If the last day of the three-month period set forth in 1.704(c)(11) as adopted falls on a Saturday, Sunday, or a Federal holiday within the District of Columbia, an applicant would be able to file the appeal brief on the next succeeding secular or business day without reduction of patent term adjustment under § 1.704(c)(11). For example, if a notice of appeal were filed on Friday, May 18, 2012, such that the three-month

deadline fell on Saturday, August 18, 2012, and the appeal brief were filed on Monday, August 20, 2012, applicant would not receive any reduction of patent term adjustment under § 1.704(c)(11) because the three-month date fell on a Saturday. If applicant filed the compliant appeal brief on Tuesday, August 21, 2012, applicant would be assessed a one-day patent term adjustment reduction under § 1.704(c)(11).

Comment 5: One comment requested clarification of whether a response to a non-compliant appeal brief will be considered a supplemental response under § 1.704(c)(8).

Response: The filing of a compliant appeal brief under 41.37 after a non-compliant appeal brief has been filed is not considered a supplemental reply under § 1.704(c)(8). Moreover, the Office will not consider it to be an omission under § 1.704(c)(7). However, it will be considered a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application under § 1.704(c)(11) if the compliant appeal brief is not filed within three months of the date of the notice of appeal, regardless of the filing of a non-compliant appeal brief.

Comment 6: Two comments requested clarification as to the patent term adjustment consequences of filing an information disclosure statement or an amendment after the notice of appeal has been filed.

Response: There will be a reduction of patent term adjustment if the applicant submits an information disclosure statement pursuant to § 1.97(c) or an amendment under § 41.33 after a notice of appeal has been filed but prior to jurisdiction passing to the Board under § 1.704(c)(8). Under § 1.97(c), an applicant who submits an information disclosure statement meeting the requirements of §§ 1.97 and 1.98 will have such submission considered by the examiner if it is accompanied by a statement under § 1.97(e) and the fee under § 1.17(p). Moreover, the Office may consider an amendment under § 41.33(a) and (b) if it meets the requirements for consideration. As § 1.703(b)(4) would no longer treat the period of time between the notice of appeal and the date that jurisdiction passes to the Board as being excluded from the “B” period, an applicant may increase “B” delay by taking actions that extend the period between the notice of appeal and the date that jurisdiction passes to the Board. Accordingly, treating the IDS and amendments filed after a notice of appeal as an applicant delay under (c)(8) will discourage attempts to increase “B” delay, and accordingly, the Office will so treat them.

Comment 7: One comment suggested that an applicant should be entitled to patent term adjustment if the Office does not respond to a request for a pre-appeal review within 45 days.

Response: The suggestion was not adopted. 35 U.S.C. 154(b)(1)(A) provides conditions under which an applicant is entitled to patent term adjustment due to delayed responses by the Office, but does not provide patent term adjustment for the

situation suggested in the comment. 35 U.S.C. 154(b)(1)(A)(ii) requires that the Office respond to an appeal within four months after the date on which the appeal was taken. The Office implemented this patent term adjustment provision in September 2000, and indicated that the phrase “appeal taken” means the date of the filing of an appeal brief in compliance with § 41.37. See Changes to Implement Patent Term Adjustment Under the Twenty-Year Patent Term, 65 FR 56366, 56368 (Sept. 18, 2000).

Comment 8: One comment suggested that the applicant should be entitled to patent term adjustment if the Office does not mail either an examiner’s answer or a notice of non-compliant appeal brief within two months of the filing of the appeal brief.

Response: The suggestion was not adopted. 35 U.S.C. 154(b)(1)(A) provides conditions upon which an application is entitled additional patent term adjustment due to delayed responses by the Office, and does not provide patent term adjustment on this basis. As discussed previously, 35 U.S.C. 154(b)(1)(A)(ii) requires that the Office respond to an appeal within four months after the date on which the appeal was taken. Accordingly, the Office could not provide patent term adjustment on the basis suggested in the comment.

Comment 9: One comment requested clarification as to whether the applicant is entitled to patent term adjustment if a supplemental examiner’s answer or acknowledgment of the reply brief by the examiner is delayed.

Response: The Office recently revised the appeal rules to reduce the period of time before the application is transferred to the Board. See Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 76 FR 72270, 72271 (Nov. 22, 2011). Under the revised rules, the examiner will no longer acknowledge the reply brief or mail a supplemental examiner's answer in response to the reply brief. As a result, the Board takes jurisdiction over the proceeding upon the earlier of the filing of the reply brief under § 41.41 or the expiration of the period of time in which applicant may file a reply brief. See § 41.35(a). Accordingly, the issue is moot in light of the changes to the appeal rules.

Comment 10: One comment sought clarification as to the date that the file is transferred to the Board under § 41.35 in order to calculate patent term adjustment under 35 U.S.C. 154(b)(1)(C)(iii).

Response: The Office recently revised the ex parte appeal rules, which no longer define the date that the Board assumes jurisdiction of the appeal as the date that the file is transferred to the Board. See Rules of Practice Before the Board of Patent Appeals and Interferences in Ex Parte Appeals, 76 FR at 72271. Jurisdiction now passes to the Board upon the earlier of the date of filing of the reply brief under § 41.41 or when the period for filing of the reply brief has expired. See § 41.35(a). The change to the ex parte appeal rules provides clarity as to when jurisdiction is

passed and when the application is deemed to be under appellate review by the Board for purposes of 35 U.S.C. 154(b)(1)(C)(iii).

Comment 11: One comment sought clarification as to whether the applicant is entitled to patent term adjustment if an examiner reopens prosecution of the application.

Response: The applicant is not entitled to patent term adjustment for the reopening of prosecution of the application per se. However, under certain circumstances, the reopening of prosecution by the examiner may lead to additional patent term adjustment under 35 U.S.C. 154(b)(1)(B) because the period of time from the filing of the notice of appeal to the reopening of prosecution will not be excluded from the three-year provision of 35 U.S.C. 154(b)(1)(B)(ii) as such time would occur prior to the date that jurisdiction is passed to the Board. See § 1.703(b)(4).

Comment 12: One comment sought clarification as to what would happen if jurisdiction ends without a decision by the Board or a Federal court; e.g., appellant files a request for continued examination under 37 CFR 1.114 after jurisdiction passes to the Board.

Response: Section 1.703(b)(4) has been amended to address situations where the jurisdiction ends without a decision by the Board or a Federal court. Under the revised rule, the appeal review period will end on the date that jurisdiction ends under

§ 41.35(b) or the date of the last decision by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145, whichever is later. Accordingly, if appellant files a request for continued examination under 37 CFR 1.114 after jurisdiction passes to the Board, the period of “B” delay under 35 U.S.C. 154(b)(1)(B) would not include the period beginning on the date jurisdiction passed to the Board under § 41.35(a) and ending on the filing date of the request for continued examination under 37 CFR 1.114; that is, the date jurisdiction of the Board ends.

Comment 13: One comment sought clarification as to the point at which jurisdiction is remanded by the Board back to the examiner when the examiner is affirmed, affirmed-in-part, or reversed.

Response: Pursuant to §§ 41.35(b)(2) and 41.54, jurisdiction of the Board ends when the Board enters a final decision (see § 41.2) and judicial review is sought or the time for seeking judicial review has expired. Under 37 CFR 41.54, jurisdiction passes to the examiner, for further action by appellant or examiner, as the condition of the application or patent under ex parte reexamination may require additional action pursuant to the decision. Accordingly, the amount of patent term adjustment that may accrue under § 1.703(e) and the period of time not considered “B” time will be fixed to the date that jurisdiction of the Board ends under § 41.35(b) unless an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145 is filed.

Comment 14: One comment sought clarification as to the point at which an applicant may file an information disclosure statement after the Board reverses or remands the application to the examiner without an applicant delay resulting.

Response: Current § 1.704(c)(9) identifies when applicant delay occurs after a decision by the Board and is applicable to an information disclosure statement that is filed after a Board or Federal court decision. However, an applicant will not be deemed to have failed to engage in reasonable efforts under § 1.704(c)(9) if the applicant can file an accompanying statement under § 1.704(d).

Comment 15: One comment suggested that the Office should adopt its original proposal as set forth in the notice of proposed rulemaking, Revision of Patent Term Extension and Adjustment Provisions Relating to Appellate Rule and Information Disclosure Statements, 76 Fed. Reg. 18990 (April 6, 2011), that an applicant should receive additional patent term adjustment if the Office reopens prosecution and issues an Office action under 35 U.S.C. 132 or a notice of allowance under 35 U.S.C. 151 after a notice of appeal has been filed but before any decision by the Board. This comment suggested that the proposal set forth in the April 2011 notice of proposed rulemaking is fairer in that only meritorious appeals will be rewarded, and that under the latest proposal, meritorious appeals will not be rewarded if prosecution is reopened after the filing of a request for continued examination. The comment further suggested that applicant can increase the patent term adjustment of the “B” delay by distorting the time between the notice of appeal and the date that jurisdiction

passes to the Board by filing extensions of time under § 1.136(a). In addition, the comment suggested that the Board conducts “appellate review prior to the jurisdiction change under § 41.35.”

Response: The suggestions were not adopted. The Office has acknowledged that the impact of the rule would reduce the amount of patent term adjustment awarded for a successful appeal under 35 U.S.C. 154(b)(1)(C)(iii). The Office, however, believes that any such impact may be offset by potentially increased patent term adjustment awarded for the Office failing to issue the patent within three years of the actual filing date under 35 U.S.C. 154(b)(1)(B). See Revision of Patent Term Adjustment Provisions relating to Appellate Review, 76 FR 81432 (Dec. 28, 2011). The Office is aware that under certain scenarios an applicant may have received more overall patent term adjustment under one approach than the other. However, to change the interpretation of the appellate review language of the “B” provision without also changing the appellate review language of the “C” provision would require the Office to interpret the same statutory term, “appellate review by the Board,” appearing in two closely related provisions, in two different ways. The Office is aware that prior to the passage of jurisdiction from the examiner to the Board, the Board reviews briefs for compliance with § 41.37, but the Office notes that Revised Procedures for Appellate Review memorandum expressly states that the responsibility of the Board for determining whether appeal briefs comply with § 41.37 is not considered a transfer of jurisdiction when an appeal brief is filed. See Revised Procedures for Appellate Brief Review (March 29, 2010)

http://www.uspto.gov/patents/law/exam/bpai_revised_procedure_20100329.pdf.

Instead, this review is only a transfer of the specific responsibility of notifying appellants under § 41.37(d) of the reasons for non-compliance. *id.* As for an applicant's ability to distort the time from the notice of appeal to the date jurisdiction passes under § 41.35, the Office has prevented applicant from increasing the "B" period by adding an additional applicant delay if applicant takes more than three months from the notice of appeal to the date of the submission of a compliant appeal brief under § 1.704(c)(11). An applicant, for example, who obtains a five-month extension of time to file the appeal brief would have an applicant delay beginning on the day after the three-month date of the filing of the notice of appeal and ending on the date of the filing of the compliant appeal brief.

Rulemaking Considerations:

A. Regulatory Flexibility Act: The Deputy General Counsel for General Law of the United States Patent and Trademark Office certified to the Chief Counsel for Advocacy of the Small Business Administration at the proposed rule stage that changes in the proposed rule will not have a significant economic impact on a substantial number of small entities. *See* 5 U.S.C. 605(b). The Office received no comments on that certification. For the reasons set forth herein, the Deputy General Counsel for General Law of the United States Patent and Trademark Office has certified to the Chief Counsel for Advocacy of the Small Business Administration

that changes in this final rule will not have significant economic impact on a substantial number of small entities. See 5 U.S.C. 605(b).

The changes to the rules of practice in this final rule: (1) revise the provisions that define the beginning and ending dates of the period of appellate review under 35 U.S.C. 154(b)(1)(B)(ii) and 154(b)(1)(C)(iii) to provide that this period begins on the date on which jurisdiction over the application passes to the Board under 37 CFR 41.35; and (2) provide that the failure to file a proper appeal brief within three months from the date on which a notice of appeal to the Board was filed, as required by 35 U.S.C. 134, constitutes a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application. This final rule does not add any additional requirements (including information collection requirements) or fees for patent applicants or patentees.

The changes to 37 CFR 1.703(b)(4) and (e) merely reinterpret the beginning and ending dates of the period of appellate review under 35 U.S.C. 154(b)(1)(B)(ii) and 154(b)(1)(C)(iii) for purposes of patent term adjustment calculations. They do not impose any additional burden on applicants. The change to 37 CFR 1.704(c) specifies that the failure to file a proper appeal brief within three months from the date on which a notice of appeal to the Board was filed, as required by 35 U.S.C. 134, constitutes failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application for purposes of patent term adjustment calculations. This revision will not have a significant economic impact on a

substantial number of small entities because: (1) applicants are not entitled to patent term adjustment for examination delays that result from their delay in prosecuting the application (35 U.S.C. 154(b)(2)(C)(i) and 37 CFR 1.704(a)); and (2) applicants may avoid any consequences from this provision simply by filing an appeal brief in compliance with 37 CFR 41.37 (or filing a request for continued examination under 37 CFR 1.114) within three months from the date on which a notice of appeal to Board was filed.

For the foregoing reasons, neither of the changes in this notice will have a significant economic impact on a substantial number of small entities.

B. Executive Order 12866 (Regulatory Planning and Review): This rulemaking has been determined to be not significant for purposes of Executive Order 12866 (Sept. 30, 1993).

C. Executive Order 13563 (Improving Regulation and Regulatory Review): The Office has complied with Executive Order 13563. Specifically, the Office has, to the extent feasible and applicable: (1) made a reasoned determination that the benefits justify the costs of the rule; (2) tailored the rule to impose the least burden on society consistent with obtaining the regulatory objectives; (3) selected a regulatory approach that maximizes net benefits; (4) specified performance objectives; (5) identified and assessed available alternatives; (6) involved the public in an open exchange of information and perspectives among experts in relevant disciplines, affected stakeholders in the private sector and the public as a whole, and provided on-line

access to the rulemaking docket; (7) attempted to promote coordination, simplification and harmonization across government agencies and identified goals designed to promote innovation; (8) considered approaches that reduce burdens and maintain flexibility and freedom of choice for the public; and (9) ensured the objectivity of scientific and technological information and processes.

D. Executive Order 13132 (Federalism): This rulemaking does not contain policies with federalism implications sufficient to warrant preparation of a Federalism Assessment under Executive Order 13132 (Aug. 4, 1999).

E. Executive Order 13175 (Tribal Consultation): This rulemaking will not: (1) have substantial direct effects on one or more Indian tribes; (2) impose substantial direct compliance costs on Indian tribal governments; or (3) preempt tribal law. Therefore, a tribal summary impact statement is not required under Executive Order 13175 (Nov. 6, 2000).

F. Executive Order 13211 (Energy Effects): This rulemaking is not a significant energy action under Executive Order 13211 because this rulemaking is not likely to have a significant adverse effect on the supply, distribution, or use of energy. Therefore, a Statement of Energy Effects is not required under Executive Order 13211 (May 18, 2001).

G. Executive Order 12988 (Civil Justice Reform): This rulemaking meets applicable standards to minimize litigation, eliminate ambiguity, and reduce burden as set forth in sections 3(a) and 3(b)(2) of Executive Order 12988 (Feb. 5, 1996).

H. Executive Order 13045 (Protection of Children): This rulemaking does not concern an environmental risk to health or safety that may disproportionately affect children under Executive Order 13045 (Apr. 21, 1997).

I. Executive Order 12630 (Taking of Private Property): This rulemaking will not effect a taking of private property or otherwise have taking implications under Executive Order 12630 (Mar. 15, 1988).

J. Congressional Review Act: Under the Congressional Review Act provisions of the Small Business Regulatory Enforcement Fairness Act of 1996 (5 U.S.C. 801 et seq.), prior to issuing any final rule, the United States Patent and Trademark Office will submit a report containing the final rule and other required information to the U.S. Senate, the U.S. House of Representatives and the Comptroller General of the Government Accountability Office. The changes in this notice are not expected to result in an annual effect on the economy of 100 million dollars or more, a major increase in costs or prices, or significant adverse effects on competition, employment, investment, productivity, innovation, or the ability of United States-based enterprises to compete with foreign-based enterprises in domestic and export markets. Therefore, this notice is not expected to result in a “major rule” as defined in 5 U.S.C. 804(2).

K. Unfunded Mandates Reform Act of 1995: The changes in this notice do not involve a Federal intergovernmental mandate that will result in the expenditure by State, local, and tribal governments, in the aggregate, of 100 million dollars (as adjusted) or more in any one year, or a Federal private sector mandate that will result in the expenditure by the private sector of 100 million dollars (as adjusted) or more in any one year, and will not significantly or uniquely affect small governments. Therefore, no actions are necessary under the provisions of the Unfunded Mandates Reform Act of 1995. See 2 U.S.C. 1501 et seq.

L. National Environmental Policy Act: This rulemaking will not have any effect on the quality of environment and is thus categorically excluded from review under the National Environmental Policy Act of 1969. See 42 U.S.C. 4321 et seq.

M. National Technology Transfer and Advancement Act: The requirements of section 12(d) of the National Technology Transfer and Advancement Act of 1995 (15 U.S.C. 272 note) are not applicable because this rulemaking does not contain provisions which involve the use of technical standards.

N. Paperwork Reduction Act: The rules of practice pertaining to patent term adjustment and extension have been reviewed and approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.) under OMB control number 0651-0020. The changes to the

rules of practice in this final rule: (1) revise the provisions that define the beginning and ending dates of the period of appellate review under 35 U.S.C. 154(b)(1)(B)(ii) and 154(b)(1)(C)(iii) to provide that this period begins on the date on which jurisdiction over the application passes to the Board under 37 CFR 41.35; and (2) provide that the failure to file a proper appeal brief within three months from the date on which a notice of appeal to the Board was filed, as required by 35 U.S.C. 134, constitutes a failure of an applicant to engage in reasonable efforts to conclude processing or examination of an application. This final rule does not propose to add any additional requirements (including information collection requirements) or fees for patent applicants or patentees. Therefore, the Office is not resubmitting the pertinent information collection package to OMB for its review and approval because the changes in this notice do not affect the information collection requirements associated with the information collections approved under OMB control number 0651-0020 or any other information collections.

Notwithstanding any other provision of law, no person is required to respond to, nor shall any person be subject to a penalty for failure to comply with, a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB control number.

List of Subjects

37 CFR Part 1

Administrative practice and procedure, Courts, Freedom of Information, Inventions and patents, Reporting and record keeping requirements, Small Businesses.

For the reasons set forth in the preamble, 37 CFR part 1 is amended as follows:

PART 1 - RULES OF PRACTICE IN PATENT CASES

1. The authority citation for 37 CFR Part 1 continues to read as follows:

Authority: 35 U.S.C. 2(b)(2).

2. Section 1.703 is amended by revising paragraph (b)(4) and (e) to read as follows:

§ 1.703 Period of adjustment of patent term due to examination delay.

* * * * *

(b) * * *

(4) The number of days, if any, in the period beginning on the date on which jurisdiction over the application passes to the Patent Trial and Appeal Board under § 41.35(a) of this chapter and ending on the date that jurisdiction by the Patent Trial and Appeal Board ends under § 41.35(b) of this chapter or the date of the last

decision by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145, whichever is later.

* * * * *

(e) The period of adjustment under § 1.702(e) is the sum of the number of days, if any, in the period beginning on the date on which jurisdiction over the application passes to the Patent Trial and Appeal Board under § 41.35(a) of this chapter and ending on the date of a final decision in favor of the applicant by the Patent Trial and Appeal Board or by a Federal court in an appeal under 35 U.S.C. 141 or a civil action under 35 U.S.C. 145.

* * * * *

3. Section 1.704 is amended by revising paragraphs (c)(10)(ii) and (c)(11) and adding paragraph (c)(12) to read as follows:

§ 1.704 Reduction of period of adjustment of patent term.

* * * * *

(c) * * *

(10) * * *

(ii) Four months;

(11) Failure to file an appeal brief in compliance with § 41.37 of this chapter within three months from the date on which a notice of appeal to the Patent Trial and Appeal Board was filed under 35 U.S.C. 134 and § 41.31 of this chapter, in which case the period of adjustment set forth in § 1.703 shall be reduced by the number of

days, if any, beginning on the day after the date three months from the date on which a notice of appeal to the Patent Trial and Appeal Board was filed under 35 U.S.C. 134 and § 41.31 of this chapter, and ending on the date an appeal brief in compliance with § 41.37 of this chapter or a request for continued examination in compliance with § 1.114 was filed; and

(12) Further prosecution via a continuing application, in which case the period of adjustment set forth in § 1.703 shall not include any period that is prior to the actual filing date of the application that resulted in the patent.

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Date: August 13, 2012

David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

[FR Doc. 2012-20238 Filed 08/15/2012 at 8:45 am; Publication Date: 08/16/2012]